

1. May 1956

Attchment C

CURRENT OIL AND COAL PRODUCTION OF CHINA

This is UNEVALUATED Information

Resources and Their Distribution

The survey of resources in China has not been fully carried out due to the shortage of technicians and equipment, the extensive rugged lands, lack of transportation, etc., and despite the fact that deposits are plentiful, there are many places which have not been developed from the standpoint of profit. However, the situation has changed completely and with government funds, a nation-wide, systematic, on-the-spot survey by boring and man-made earthquakes and air photography has been carried out. At the same time, railroad and automobile roads are being successively planned and are under construction in the direction of Kamsu, Sinkiang and Kansu, and Kokonor Provinces with the objective of developing the oil and mining resources. As a result, what has been heretofore thought to be low deposit areas have been disclosed to contain high deposits and areas believed to have had considerable deposits have been discovered to be very rich in deposits.

I. Oil

Heretofore, it was believed to be a country lacking in oil deposits and according to the 1942 estimation by the Central Geological Survey, the deposits were 206 million tons mainly in the Kansu and Shensi Provinces, with 531 million tons of shale oil mainly in the Northeastern region, making a total of 727 million tons. It was generally assumed that the maximum deposit was around 700 million odd tons; however, excluding the newly discovered oil fields in the Southwest regions (mainly Szechwan Province), the Kansu and Kokonor regions alone have attained 1,700 million tons, surpassing Iran and placing third in the world in output.

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The 224 prospecting teams were dispatched by the Fuel Industry Department's Oil Control General Bureau (see note) in 1954, and carried out not only a more thorough survey and prospecting in the basins of Northern Shensi Province, but also an extensive survey in the twelve provinces of Kansu, Sinkiang, Canton, Kwansi, etc., covering an area of over 50,000 square kilometers. They discovered new oil fields in 60 other places. In the Heilungkiang and Canton Provinces, huge deposits of oil shale were discovered [redacted]. Thus, it was discovered that the Saashwan Basin was rich in the natural reserves of oil and natural gas and that the whole stretch of TO-RU-FU-A-M Basin of Sinkiang and Tsaidam Basin of Kokonor had promising prospects. (Peking Broadcast, 7 Feb 1956.)

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Note: In order to carry out a full-scale geological survey, a Geological Department was newly established within the Administrative Council (equivalent to Japan's Cabinet) - later changed to the State Council on 7 Aug 1952. Furthermore, to make the Fuel Industry Department a more specialized one, this Department was abolished and in its place, three separate departments—Coal Industry Department, Electric Power Industry Department and the Oil Industry Department—were newly established on 20 Jan 1955.

After a study of the distribution of oil reserves, it is believed that the greatest oil veins lie in the areas from Baku in Soviet Russia through Central Asia, Sinkiang, Kansu, Kokonor, Shensi [redacted]

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Sinkiang—U-I-GU-BU Self Government District, Urumsai (oil companies are located at these two areas), Manassu, Tacheng, Soch'e, Wensu, K'uch'e, and the TO-KU-FU-A-N Basin.

Kansu Province: Yumen, Sachuan.
 Kokenor Province: Tsaidam Basin, Minho Valley.
 Szechwan Province: Fashien (?), Chiangshing, Ch'ikiang, Fengsh'i and Chuning.
 Kwanghsi Province: Chungshan (oil shale).
 Shensi Province: Yenchi'ang, Yenchi'uan and Paoh'eng.
 Liaoning Province: Fushan (oil shale), Fousin.
 Kirin Province: Liachuan.
 Hopsh Province: Tangshan.
 Heilungkiang Province: Mennan.

The first Nation-wide Oil On-the-Spot Survey Conference (DAI ICHIKAI ZENKOKU SEKIYU JITCHI CHOSA KAIGI) was held from 24 Jan 1956 under the auspices of the Oil Industry Department. According to this, the 1955 boring volume showed 50 per cent increase as compared to the previous year, and the survey effectiveness was increased from between 11 to 88 per cent, depending on the particular field of survey. It was stated that the task for 1956 will be still more important than that of 1955. Moreover, in February, 1956, for the first time, the Geological Department and the Oil Industry Department held their oil survey conferences separately and planned an on-the-spot survey for 1956 which would cover an area of 250,000 square kilometers (more than two-thirds of Japan's entire area) and to dispatch to Sinkiang a new survey party. (The on-the-spot survey area for 1955 totaled only 70,000 square kilometers.)

II. Coal

China is one of the richest coal countries in the world and has coal fields located throughout the country. The amount of reserves in the recently discovered coal fields of Szechwan, Shensi and Sinkiang Provinces, excluding those coal beds less than 500 meters deep, is estimated to be 444,500,000,000 tons. But, as a result of a later

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geological survey, it has been confirmed that the reserves were actually underestimated, considering the thickness of the coal seams which are such that can seldom be seen elsewhere in the world. More than half of the seams are of medium thickness. In the case of the coal mines in Fushan, the average is 50 meters thick with the thickest point measuring 140 meters.

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Communist China ranks third in the world.

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Moreover, according to tabulations made at the National Coal Geological Conference, held from 10 Nov 1955 until the 14th for five days at Tangshan, 225,000,000 tons were added to the estimated coal deposit and it was ascertained that there was coal in small and large quantities all over the country.

The main coal deposit areas are as follows

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Heilungkiang Province:

Hackang, Chihsiang, Nishan, Chisi,
Maling.

Kirin Province:

Chiaoh, Tungshan.

Liaoning Province:

Fushan, Fousin, Liaoyang, Peip'iao,
T'ien-shihfu, Chihsi, Panch'i,
Yent'ai, Heishan.

Hopoh Province:

Kailuan, Hsinglung, Ch'inglung, Lungshan,
Lungshan, Chinghsing, Pengfeng,
Mant'oukou.

Shensi Province:

Tatung, Yangchuan, Luan.

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Shensi Province:	T'ungkuang, Paishui, F'uch'eng, Langhsien, T'ungch'uan.
Kansu Province:	Lanchow Akanshen, Pinglo.
Kekonor Province:	Hsining, Tatung.
Sinkiang UI-GU-RU Autonomous District:	U-EU-MU-CHI, TO-EU-FU-A-N (anthracite), Tianshan Nanpei.
Szechwan Province:	Peip'ei, Hsiwei, Haili.
Honan Province:	Shanhsien, Chiaotso.
Shantung Province:	Tsach'uan Poshan, T'aiierhchwang, Tsaochuang.
Chekiang Province:	Changching.
Anhui Province:	Hsainan, Ich'eng.
Kiangsi Province:	P'inghsiang.
Hopeh Province:	Tayeh, Ich'ang.
Shan Province:	Hsiang hsiang, Leliang, Ichang, Shaoyang, Hsinhua.
Fukien Province:	Shaowa, Chienou, Lungyen, Ch'ungan.
Kwangtung Province:	Chuchiang, Jufan, Lech'ang, Shihhsing, Hoshan.
Kweichow Province:	T'ungtsu, Kueiyang, Anshun, Tuk'o.

Looking at the reserves by areas, the Shansi Province has over 50 per cent; Shensi Province 30 per cent; and the three provinces of Szechwan, Honan, Hopeh 10 per cent. ("China's Productive Treasure House".)

As a result of its survey which disregarded all commercial impracticability, it can be assumed that Communist China has become convinced that there are coal deposits throughout the country which accounts for the flourishing distribution of coal reserves shown in the attached map.

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Production and Its Situation

Until 1954, Communist China never released actual figures for anything aside from agricultural products which they did by means of percentages. In this way, it took pride in production increases, but in 1955, they began to publish accurate figures. Even for coal and oil, the Nation's Statistics Bureau published statistical figures for 1949 - 1954; New China Monthly, 1955, Issue #1. When these figures and those of Communist China's first Five-Year Plan are listed, they are as follows; however, looking at it from the standpoint of management, the plan calls for complete government operation in the case of oil, whereas 4.1 per cent of the coal production will be privately operated by 1957.

Year/Items	Coal (Unscreened)	Crude Oil
Unit	(1,000 Tons)	(1,000 Tons)
Highest Year Before Liberation	61,875 (1942)	320 (1943)
1949	30,984	122
1952	63,528	436
1953	66,572	622
1954	79,928	789
1955 (estimate)	94,328 92,751 (planned)	960 959 (planned)
1956 (planned)	108,466	2,012 (approximate)
1957 (planned)	112,985	2,012

(Note 1): The 1955 estimate was computed from figures (probably inaccurate because no approval was obtained from the Coal Industry Department) taken from an article appearing in Jenmin Jih Pao, 1 Jan 56, which stated that 101.7 per cent and 100.1 per cent of the production goals had been attained for coal and oil, respectively. The 1956 planned production figure was computed on the basis of the 1957 plan,

which gave the 1956 production figure for coal as 96 per cent of the 1957 plan and figure for oil as same as 1957.

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In Yüeh, an oil refinery was built with Soviet aid, but, at present, the greater portion of the crude oil is being sent to refineries in Dairen and Shanghai. During 1956, railways will be laid and transportation will become greatly improved. Moreover, it is said that China's first and largest modern oil refinery will be built in Lanchow. (24 Oct 1955 broadcast, Radio Peking.) Furthermore, at the end of the first Five-Year Plan (1957), the plan calls for a ratio of 69 per cent and 31 per cent for natural crude oil and synthetic crude oil. [redacted]

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They are rushing the development of oil fields but it can be seen that they rely to a much greater extent on synthetic oil. Red China's lack of oil is indicated by her occasional emphasis on conservation.

For example, WANG Shou-tao (3768/7445/6680), in charge of the Sixth Staff Office of the Administration Organ, in his thesis "Let Us Hasten the Establishment of Regional Communications and Village Postal and Telegraph System", contributed to the People's Daily (20 Jan 1956), states, "For automobiles, fuels other than liquid fuel should be utilized as much as possible, and in this way deal successfully with the shortage." In an article entitled, "Conserve Oil" in the People's Daily, 24 Aug 1955, it mentioned the excessive waste of oil and emphasized that with 15 tons of oil, it was possible for a truck to haul 500,000 tons kilo of freight and, therefore, stressed the need for conserving oil. Furthermore, the Tientsin Ta Kung Pao, in an article "Oil is Industrial Blood" stated, "If 10 per cent of our country's land is devoted to mechanical cultivation, it would require 50,000 tractors, each tractor requiring eight to fifteen tons of oil annually. This would mean 400,000 to 750,000 tons of oil for 50,000 tractors. Vice-Chairman CHU Te wrote, 'In order to fulfill the various demands, the oil industry must be expanded one-hundred times'." Oil for military use is believed to total 1,400,000 to 1,500,000 tons annually. [redacted]

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Moreover, when other uses for 1957 are estimated on the basis of the aforementioned truck utilization rate, roughly 100,000 tons would be needed for freight transportation; 80,000 tons for approximately 8,000 tractors (calculated for 15 horsepower tractors having an average annual consumption of 10 tons per year), and 470,000 tons to be sold on the market for lighting purposes, a total of over 2,000,000 tons (TN: sic). [redacted]

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Coal

The coal deposit is rich. As can be seen in the various charts shown previously, the production rate was great even prior to the war. However, until the Chinese Communist Government was established, the greater portion of the production was entrusted to foreign capital and the production rate

of the Northeastern region (old Manchuria) where the coal deposit is only two per cent of the entire country, and 43 per cent

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In 1943, the needs of both regions totaled 33,330,000 tons, whereas over 7,000,000 tons were exported.

Even today, export is considerably high and according to the figures announced by MAH Mao-sh'ou (0589/3352/1368) in Moscow in 1952, the amount of export was 7,430,000 tons (past one year). With the advancement of industrial construction, however, domestic demands appear to have expanded more and more.

The production rates of the respective coal mines are not clear, but in the first Five-Year Plan, the production capacity of the important coal mines for 1957 are given. The 1952 production ratio shows a 78 per cent increase. As for production capacity, a 48 per cent increase is anticipated and when enumerated, it is as follows: (Within the parenthesis is the 1952 ratio of production increase.)

Fushun Mine Service Bureau	9,300,000 Tons	(Respective Northeastern Provinces 64%)
Foushin Mine Service Bureau	8,430,000 Tons	
Hoped Kailuan Mine Service Bureau	9,680,000 Tons	(Respective Northern Provinces 53%)
Shanxi Taitung Mine Service Bureau	6,430,000 Tons	
Shanxi Shuimen Mine Service Bureau	6,870,000 Tons	(Respective East China Provinces 86%)
Shandong Tzschung Mine Service Bureau	1,750,000 Tons	
Shanxi Chingtee Mine Service Bureau	2,300,000 Tons	(Respective Provinces 1 West China 45%)

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However, since the mines throughout the country are divided into 53 Mine Service Bureaus, we must figure that a number of coal mines in the neighborhood are included in the respective Mine Service Bureaus.

The basic investment for the enterprises they intend to build in connection with the Five-Year Plan includes 5,000,000 (equivalent to approximately \$2,134,000) for coal mines, of which there are 194 units. When itemized, they include mines - 179 units; coal dressing plants - 13 units; and oil shale mines - two units. Of these, 27 units receive Soviet aid. Considering the fact that the Soviet Union has stated that she would assist in the planning of 156 units of enterprises, the 27 units account for over one-sixth of the total, indicating the degree of emphasis being placed on the coal industry.

They are hoping to realize 112,985,000 tons of the estimated 132,850,000 tons production capacity for 1957.

Although there has been a gradual utilization of new mining methods in China, the production rate in 1949 (through use of new methods) was only 13 per cent of the total production, whereas in 1954, it accounted for 79.7 per cent. The ratio for mechanized mining was 4.2 per cent for 1950 but in 1954, this increased to 33 per cent and in 1957, they hope to make it 62 per cent. By mechanization is meant the utilization of air drills, electric drills, coal cutters, combined mining machines, chain conveyors, and the utilization of electricity. In the larger coal mines of Fushun, Kailuan, Fouhsin, Chiatso, Hsokand, Tatung, Hsainan, the above equipments have already been installed and improvements are being made constantly.

As of January, 1954, 83 per cent of the Kailuan Mine was mechanized.

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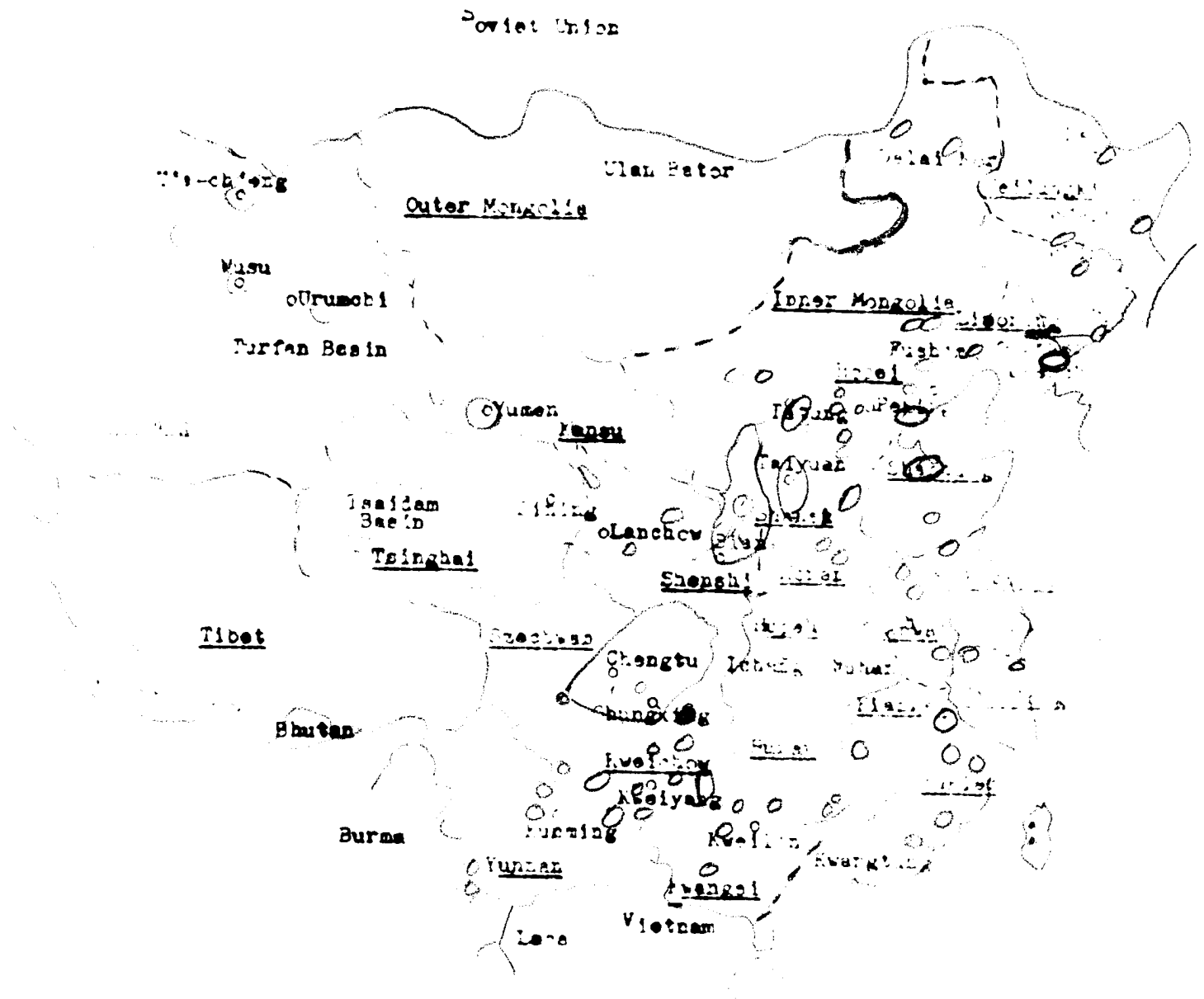
The main objective for the development of coal mines is for the purpose of filling the demands for cokes for the steel industry. In 1954, 57 per cent of the newly established pits were planned for this purpose.

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In order to establish a steel city equal to Anshan and Shihkuaikeu in the promising Tachinshan coal bed area in the north, Patow will have railroads laid out during 1956.

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(including oil shales)

The provincial boundaries are according to the new division.
The following provinces have been abolished: Sikang, Jehol, Ningxia,
and others.